

## **EXHIBIT 10**



Principal Life - LBSF

Principal Life  
Insurance Company

## EXHIBIT H

AMENDED AND SUBSTITUTED  
Post-Default Declaration Notice of Damage Calculation  
and  
Notice of Intent to Exercise Set-Off

September 1, 2009

Lehman Brothers Special Financing Inc.  
c/o Lehman Brothers Inc.  
Transaction Management Group  
Corporate Advisory Division  
745 Seventh Avenue  
New York, NY 10019

Attention: Documentation Manager

Re: Principal Life Insurance Company

**THIS IS NOT AN ATTEMPT TO COLLECT OR ENFORCE A DEBT.  
THIS NOTICE IS INTENDED SOLEY TO COMPLY WITH NOTICE REQUIREMENTS  
UNDER THE ISDA MASTER AGREEMENT REFERENCED BELOW.**

We refer to the ISDA Master Agreement dated June 30, 2004 (the "Agreement"), as subsequently amended September 22, 2006. Capitalized terms used and not otherwise defined in this notice shall have the meanings given them in the Agreement.

We refer to the declaration of default (copy attached) previously delivered to you on September 16, 2008 with respect to the Agreement, and Principal Life Insurance Company's "Post-Default Declaration Notice of Damage Calculation" dated September 19, 2009, previously delivered in accordance with the relevant ISDA provisions.

This "Amended and Substituted Post-Default Declaration Notice of Damage Calculation and Notice of Intent to Exercise Set-off" and Exhibits attached hereto are intended to replace and supersede our prior notice

As you are aware, Principal Life Insurance Company ("PLIC") has exercised its remedies in terminating trades in connection with the default described in the September 16, 2008 declaration. PLIC has determined that revisions are necessary to accurately reflect the Early Termination Amount. Please see the enclosed Amended and Substituted Exhibit A for a revised calculation of the Early Termination Amount. Details of our Settlement Amount calculations and "Unpaid Amounts" are forth on the Amended and Substituted Exhibits B-2 and B-3.

Principal Life - LBSF

We previously notified you, in accordance with Section 6(f) of the Agreement, as amended by Part 5(a) of the Schedule to the Agreement, of PLIC's intent to exercise its rights of set-off under Section 6(f) of the Agreement as permitted by law, including pursuant to the U.S. Bankruptcy Code. In that regard, the Other Agreement Amount, as defined in Section 6(f), has been liquidated and is detailed in the Amended and Substituted Exhibit D attached hereto. Due to set-off rights available to PLIC under the Agreement and U.S. Bankruptcy Code, no payment is required by Principal Life at this time in connection with the Early Termination Amounts. Details of our calculations of such final amounts are summarized in the attached as the Amended and Substituted Exhibit A.

We continue to reserve all rights under the Agreement, including, without limitation, to declare you to be in default in respect of any other default that may occur under the terms of the Agreement, and all rights we may have with respect to other transactions and other agreements with you or your affiliates. Specifically, we reserve the right to claim any other costs, expenses and damages provided by the Agreement or at law.

This letter shall constitute the statement referred to in Section 6(d) of the Agreement.

Please direct all correspondence in connection with this Notice to:

Principal Life Insurance Company  
Attn: Debra Svoboda Epp, Counsel  
711 High Street  
Des Moines, Iowa 50265  
Fax 515-287-4027  
Phone 515-247-0900

Signed,

**Principal Global Investors, LLC,**  
**as authorized signatory for Principal Life**  
**Insurance Company**

By:   
Name: **DEBRA SVOBODA EPP**  
Title: **COUNSEL**

By:   
Name: **JOELLEN J. WATTS, Counsel**  
Title:

**AMENDED and SUBSTITUTED  
EXHIBIT A**

**Principal Life Insurance Company - Lehman Brothers Special Finance ISDA  
Statement of Early Termination Date - Settlement Amount and Set Off**

**ISDA Termination Amount Calculation:**

**As of September 16, 2008:**

(54,186,867)	Amount due LBSF on Settlement Amounts (see Exhibit B)
42,554,759.46	Value of Collateral held by LBSF (See Exhibit C)
-11,632,107.54	Net Settlement Amount (due LBSF by PLIC)

**Set-off Calculation:**

**PLIC set off rights available against amounts owed by LBSF re Coral CP Trust Muni-FPA:**

34,162,715.00	Total PLIC Claim against LBSF for Coral CP Trust Muni-FPA Surrender Charges Due (See attached Exhibit D)
-11,632,107.54	ISDA Settlement Amount Due Lehman (from above) (available for set off per ISDA Schedule Part 5 (a) and U.S. Bankruptcy Code)
11,632,107.54	Amount of Coral Trust claim to be set off against ISDA Settlement Amount payable
22,530,607.46	Remaining PLIC claim against Lehman on Coral CP Trust Muni-FPA after set-off